

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF CALIFORNIA

U.S. ETHERNET INNOVATIONS, LLC

No. C 10-5254 CW

Plaintiff,

ORDER GRANTING
MOTION FOR
RECONSIDERATION OF
STAY AND DENYING
MOTION TO SEAL
(Docket No. 514,
515)

v.

AT&T MOBILITY, LLC, et al.,

Defendants,

On June 16, 2014, the Court granted Defendant AT&T Services, Inc.'s (ATTS) motion for reconsideration of this Court's stay order due to the emergence of new material facts. Docket No. 516. Plaintiff U.S. Ethernet Innovations, LLC (USEI) opposes the motion to reconsider the stay or, if a stay regarding claims against ATTS is granted, requests that ATTS be bound by the infringement and invalidity determinations that will be established with regards to Intervenor Sigma Designs. The Court took this matter under submission pursuant to Civil Local Rule 7-11(b). Having considered the papers, the Court GRANTS the motion.

In its January 17, 2013 Order, the Court stayed almost all of USEI's claims against the AT&T Defendants and Zions Bancorporation. Docket No. 408. The Court noted that the "stayed Defendants will continue to be bound by decisions of the Court during the pendency of the stay. If the stayed Defendants wish to be heard on any issue, they may apply to the Court to lift the stay for that purpose." Id. at 7. The only claims that were not stayed were those asserted against the AT&T U-Verse Set-Top Box,

1 which is manufactured and distributed by ATTS. Id. ATTS
2 previously moved for reconsideration of this motion, after Sigma
3 successfully intervened in this case. The Court denied the motion
4 for reconsideration, placing great weight on USEI's contention at
5 the time that "resolution of the claims against the Acer
6 Defendants and Intervenors will not dispose of USEI's claims
7 against [ATTS] with regard to at least its U-Verse settop box."
8 Docket No. 465 at 2. The Court noted that even after Sigma
9 intervened, it was "not clear that only the technology of the chip
10 suppliers [such as Sigma] is at issue." Id. at 3.

11 Since then, USEI has solidified its substantive infringement
12 arguments against Defendants. It is clear from the papers, expert
13 reports, and infringement charts that both sides consider USEI's
14 claims against ATTS to be derivative of the ones against Sigma.
15 Dr. Mitzenmacher, USEI's technical expert, opined that ATTS
16 infringes the claims of the only patent asserted against ATTS
17 because "the Accused AT&T Products integrate Accused Sigma
18 Products that infringe these Claims." Schuster Decl., Ex. A at 3.
19 A review of Dr. Mitzenmacher's expert report reveals that he never
20 describes the ATTS accused products as infringing independently
21 from their integration of the accused Sigma chips. See id. at 27
22 ¶ 86 ("As I have shown, all of the Sigma Accused Products (and the
23 AT&T Accused Products by integration) meet the required elements
24 of the claims"). Other USEI documents demonstrate that it
25 considers the claims against Sigma and the claims against ATTS to

1 be identical.¹ Because the infringement issues are identical,
2 ATTS contends that the principles of efficiency and judicial
3 economy would be well served if the claims against ATTS were
4 stayed, pending resolution of USEI's claims against Sigma. ATTS'
5 Motion at 4 (citing Tegic Commc'n Corp. v. Bd. of Regents of
6 Univ. of Tex. Sys., 458 F.3d 1335, 1343 (Fed. Cir. 2006)). ATTS
7 further argues that it makes sense for Sigma, the manufacturer, to
8 litigate the issues of infringement because it has greater
9 interest and knowledge than the customers. Id. (citing Katz v.
10 Lear Siegler, Inc., 909 F.2d 1459, 1464 (Fed. Cir. 1990)).

11 The Court agrees that the claims against ATTS should be
12 stayed while the ones against Sigma proceed. ATTS cannot,
13 however, argue now that the infringement theories are identical in
14 order to obtain a stay, and then later challenge that premise if
15 judgment is imposed against Sigma.² Accordingly, as with the
16 stays previously imposed by the Court, ATTS will be bound by any
17 decisions affecting Sigma while claims against ATTS remain stayed.
18 If ATTS wishes to be heard on any issue, it may apply to the Court
19 to lift the stay for that purpose.

20 ¹ USEI did not serve its infringement report on ATTS until
21 four days after the report was due, when ATTS inquired about the
22 status. USEI responded with a copy of the report, noting that
23 "the report has been amended to correct the title (which should
24 have included Defendant AT&T) and Exhibit C (the AT&T Accused
Products were inadvertently omitted from the exhibit)." Schuster
Decl., Ex. D. USEI noted that the "body of the report remains
unchanged." Id.

25 ² Because ATTS argues extensively here that, "[r]ecent events
26 in this case . . . have now made it clear that indeed only the
27 technology of ATTS's chip supplier (Sigma) is at issue," it would
28 appear that ATTS is estopped from arguing otherwise. ATTS' Motion
at 4.

1 In conjunction with ATTS' motion for reconsideration, it
2 filed an administrative motion to seal Exhibits B and C to the
3 Schuster Declaration because they contain materials designated by
4 USEI as "Highly Confidential -- Outside Counsel Eyes Only" under
5 the parties' protective order. USEI did not file a supporting
6 declaration, within four days as required by Civil Local Rule
7 79-5(e), or at any time. Accordingly, the motion is denied. ATTS
8 shall file unredacted versions of these documents in the public
9 record no later than seven days from the issuance of this order.

10 IT IS SO ORDERED.

11
12 Dated: 8/6/2014


CLAUDIA WILKEN
United States District Judge